

MINUTES

LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE

September 18 & 19, 2006

The Legislative Government Oversight Committee met September 18, 2006, in the Supreme Court Chamber at the Capitol. Chair Representative Alons called the meeting to order at 1:00 p.m. Other members present were:

Senator Ron Wieck

Senator Pat Ward

Senator Michael Connolly

Representative Dwayne Alons, Chair

Representative Joe Hutter, VC

Representative Vicki Lensing, RM

Representative Clel Baudler

Representative George Eichorn

Representative Roger Thomas

Representative Wes Whitehead

APPROVAL OF MINUTES

Minutes from the August 21 & 22, 2006, meeting moved by Representative Alons and approved by the Committee.

OVERVIEW

The primary focus of the meeting concerned updates regarding the Integrated Information for Iowa (I/3) System, the Iowa Values Fund and related funds, and proposed payments to specified individuals out of the balance remaining from amounts raised for the 2005 National Governor's Association Meeting.

INTEGRATED INFORMATION FOR IOWA (I/3) SYSTEM

Mollie Anderson, Director, Department of Administrative Services (DAS), accompanied by department personnel Calvin McKelvogue, John Gillespie, Sharon Sperry, and Lori McClannahan, provided an update regarding implementation of the I/3 system. Ms. Anderson supplied preliminary background information indicating that the system was established to facilitate centralized access to state government information and services, and emphasizing the system's significance. An overview of three project phases, consisting of the establishment of a budget data warehouse, finance data warehouse, and human resources payroll data warehouse, was provided. Ms. Sperry and Ms. McClannahan distributed and commented on a "Frequently Asked Questions" handout. Committee discussion based on the handout included deferral of implementation of the human resources payroll data warehouse until June, 2008 in order to incorporate additional functionality into the necessary baseline software and achieve resolution to identified problem areas; replacement of an in-house applicant tracking system with a more widely-utilized module known as "Brass Ring"; upgrading of the financial data warehouse in 2005 to provide a more reliable and stable system for users; redesigning the vendor entry process which significantly reduced the number of required key strokes and mouse

clicks; designation of certain staff members as Subject Matter Experts (SME's) responsible for, among other things, maintaining a functional help desk and providing training for users; progress made in implementation of Vendor Self-Service (VSS) intended to provide vendors with better access to and greater flexibility in receiving notification of and submitting bids for State contract opportunities; and the upgrade of the I/3 budget data warehouse in February, 2006. In response to committee inquiry, Mr. Gillespie discussed the issue of centralized authority for technology purchases versus independent authority by various State agencies, indicating that several states have initiated centralization and some have achieved significant savings as a result. Obstacles to centralization were identified as legislative authorization to pursue it, a financial commitment to accomplish it, and the willingness of state agencies to relinquish control. It was noted that states with centralization have not necessarily achieved a reduction in FTE's. Selection of the consulting firm CGI-AMS by DAS was addressed, with Ms. Anderson stating that generally such relationships are long-term in nature due to the substantial software investment involved, that the firm has a substantial governmental presence, and that an issue which develops in such relationships can be future ownership and control of the code developed. It was noted that regular system upgrades are necessary and should not be postponed to avoid getting backlogged in the future. The amount and sufficiency of appropriations to DAS relating to the system was additionally discussed.

RECESSED

Representative Alons recessed the meeting at 3:05 p.m.

September 19, 2006

Representative Alons called the meeting to order at 9:02 a.m.

IOWA VALUES FUND AND RELATED FUNDS

Tina Hoffman, Deputy Director, Iowa Department of Economic Development (IDED), accompanied by Frank Chiodo, IDED Legislative Liaison, and Toby Shine, Chairman, IDED Due Diligence Committee, distributed and discussed the 12/31/05 End of Year Project Status Report pertaining to the Iowa Values Fund and other state business development awards made from July, 2003 through December, 2005. Ms. Hoffman stated that the Iowa Values Fund continues to be successful, with 335 projects having been acted upon by IDED or one of its boards since the inception of the Iowa Values Fund in 2003, resulting in 196 signed contracts and \$5.8 billion in statewide capitol investment. She indicated that the Report is the first of an annual series of reports summarizing the preceding year's activities and financial status, verifying and expanding upon self-report forms completed by each business receiving funding. Committee discussion included compliance with the self-report requirement and default status for failure to submit it; accuracy of the term "failed project" in instances where one of more parameters have not been fully achieved, such as less than the projected number of new jobs having resulted; repayment arrangements and eventual collection actions in a relatively few instances; the necessity for more time before trend analyses can be conducted; other state business development programs beyond the Iowa Values Fund; and the extent to which funds are awarded to smaller-sized communities, smaller-sized businesses, and out-of-state applicants; and the effectiveness of tax credits in addition to direct loans. Mr. Shine

characterized the Iowa Values fund as a great program through which Iowa ranks well in facilitating the development of new businesses, noted that failures must be evaluated in light of the need to take some risks in the course of fostering business development; observed that in some instances there is a reluctance on the part of larger-sized communities to commit significant local involvement, and cited the commercial property tax as a substantial disincentive to economic development.

2005 NATIONAL GOVERNOR'S ASSOCIATION FUNDING SURPLUS– POTENTIAL DISBURSEMENTS.

Cynthia Eisenhower, Chief of Staff, Governor's Office, addressed questions concerning a previously considered but ultimately rejected proposal to disburse funds remaining out of amounts raised by the state for the 2005 National Governor's Association to designated State employees and volunteers involved in sponsoring the event. Ms. Eisenhower summarized the success of the meeting and the positive local economic impact it generated, and indicated that after the meeting approximately \$278,000 remained in an IDED account out of the \$2.3 million raised by Iowa as the host state. After reimbursement of \$100,000 to the State's General Fund, she indicated that consideration was initially given to allocating remaining monies to certain individuals in recognition of their contributions outside of normal work hours in making the event a success, and that after consultation with State Auditor David Vaudt and additional consideration the idea was dropped in favor of allocation to the State Fair Blue Ribbon Foundation. Committee discussion included concerns expressed by some members that consideration of the distribution to State employees in recognition of their efforts was inappropriate and would have, if made, constituted excessive additional compensation. Opposing opinion was also expressed that the issue was irrelevant in light of the eventual decision to allocate the funds to the State Fair Blue Ribbon Foundation. The broader issue of the types of additional compensation authorized by Code was considered, as was an inquiry regarding why IDED was chosen as the repository for the funding involved.

ADJOURNED

Representative Alons adjourned the meeting at 11:40 a.m.